

C O U N C I L C O M M U N I C A T I O N

TO: THE CITY COUNCIL FROM: THE CITY MANAGERS OFFICE	COUNCIL MEETING DATE NO. January 20, 1988
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SUBJECT: AUTHORIZE THE CITY MANAGER AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH THE FARMERS AND MERCHANTS BANK OF CENTRAL CALIFORNIA REGARDING CITY CREDIT CARDS.

PREPARED BY : City Manager

RECGMMENDED ACTION: That the City Council authorize the City Manager and the City Clerk to enter into an agreement with the Farmers and Merchants Bank of Central California for the issuance of City credit cards to certain staff members as enumerated herein.

BACKGROUND INFORMATION: For the past two years or so the City has utilized American Express credit cards in conjunction with attendance by the City Council and staff at conferences, training seminars and other miscellaneous meetings. It is recommended that the City Council authorize a change to MasterCard issued by the Farmers and Merchants Bank of Central California for reasons of convenience and cost. The specific limits, which may be changed from time to time by Council action will be:

NAME	TITLE	AUTHORIZED AMOUNT
■ PETERSON, Thomas A.	City Manager	\$ 5,000
■ GLENN, Jerry L.	Assistant City Manager	5,000
■ REIMCHE, Alice M.	City Clerk	10,000
■ HOLM, Robert H.	Finance Director	5,000
■ SCHROEDER, James B.	Community Development Director	5,000
■ WILLIAMSON, Ronald W.	Parks and Recreation Director	5,000

It has been our experience that the use of these cards provides the City with excellent accountability of expenditures in these areas.

Respectfully submitted,



Thomas A. Peterson
City Manager

TAP:br

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CITY COUNCIL

EVELYN M. OLSON, Mayor
JOHN R. (Randy) SNIDER
Mayor Pro Tempore
DAVID M. HINCHMAN
JAMES W. PINKERTON, Jr.
FRED M. REID

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634

TELECOPIER (209) 333-6795
January 21, 1988

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

Ms. Cheryl Rau
Assistant Vice President
Farmers and Merchants Bank of
Central California
P. O. Box 380
121 W. Pine Street

Dear Ms. Rau.

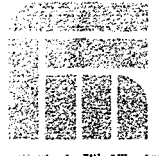
This letter will confirm that the Lodi City Council in motion action taken at a Regular Meeting held January 20, 1987 authorized the City Manager and City Clerk to enter into an agreement with the Farmers and Merchants Bank of Central California for the issuance of City credit cards to certain staff members as enumerated below.

NAME	TITLE	AUTHORIZED AMOUNT
Peterson, Thomas A.	City Manager	\$5,000
Glenn, Jerry L.	Assistant City Manager	5,000
Reimche, Alice M.	City Clerk	10,000
Holm, Robert H.	Finance Director	5,000
Schroeder, James B.	Community Development Director	5,000
Williamson, Ronald W.	Parks and Recreation Director	5,000

Very truly yours,

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

cc: Mr. Robert Holm
Finance Director



FARMERS & MERCHANTS BANK
OF CENTRAL CALIFORNIA

JAN 12 '88
City Manager's Office

January 11, 1988

Mr. Thomas A. Peterson
City Manager
City of Lodi
Call Box 3006
Lodi, CA 95241

Dear Mr. Peterson:

We have received your written authorization to establish six separate MasterCard accounts for the City of Lodi.

Upon receipt of written proof of authority from the City Council to establish these accounts, we will process your request.

Attached, please find a Credit Card Agreement and Disclosure and an Addendum to the Credit Card Agreement and Disclosure. These are a sample of the papers that we are preparing for your signature upon receipt of the MasterCards.

Please **do** not hesitate to contact me **if** you have any questions regarding this transaction.

Sincerely,

Cheryl Rau
Assistant Vice President

CR/lmc

encl.

cc: Mr. Robert H. Holm



ADDENDUM TO CREDIT CARD AGREEMENT AND DISCLOSURE

The undersigned ☐ corporation ☐ partnership ☐ association, called the "Company," agrees to the following in addition to the terms of the Credit Card Agreement and Disclosure to which this Addendum is attached:

1. The Bank ~~is~~ authorized to honor any purchase or cash advance transaction negotiated by anyone the Company authorizes to ~~use~~ any Card issued in connection with MasterCard Account No. _____, regardless of the purpose of the transaction.

2. If, between the Company and anyone it authorizes to use the Card, a dispute arises ~~as~~ to whether the use of the Card was necessary, reasonable ~~or~~ appropriate, such dispute will be resolved without involving the Bank. For example, if the Company authorizes an employee to ~~use~~ the Card only for payment of Company expenses but the employee uses the Card for personal purposes, the Company understands that it will nevertheless be responsible for payment of the personal charges and, if the employee is to reimburse the Company for such ~~uses~~, it will be up to ~~the~~ Company to collect ~~the~~ reimbursement directly from the employee.

3. The Company understands that improper use of a Card by an authorized employee could result in liability to the Bank for amounts in excess of the credit limit assigned to the Account ~~by~~ the Bank, the credit limit having been established for the Bank's protection and not for that of the Company. The Company further understands that the Bank may permit ~~use~~ of the Card beyond the assigned credit limit, ~~in~~ which case the Company will nevertheless be responsible for the excessive charges.

4. The Company will take ~~all~~ appropriate steps to assure that Cards issued in its name will not come into the possession of anyone not authorized by the Company to use the Card.

Date: _____
Name of Company

by _____
(Title)



**FARMERS &
MERCHANTS
BANK** OF CENTRAL CALIFORNIA

CREDIT CARD AGREEMENT AND DISCLOSURE

This Credit Card Agreement and Disclosure applies to your MasterCard Account with Farmers & Merchants Bank of Central California ("Bank"). It supersedes all prior agreements and disclosures relating to your account. If more than one person applied for your MasterCard card(s) ("Card") or account ("Account") each applicant will be jointly and severally responsible for all payments owed on your Account even if the other applicant(s) do not sign this Agreement.

Purchases and Advances. You can use your Card to buy goods and services from any merchant who honors this Card. You can also use your Card to get a cash advance from the Bank or any financial institution authorized to make cash advances on your Card.

Promise to Pay. When you use your Card or permit someone else to use it to make a purchase or obtain a cash advance, you agree to pay the total amount of the purchase or cash advance. You also agree to pay the finance charges and other charges described below that may be due on your Account, plus all costs and expenses, including reasonable attorneys' fees, that the Bank incurs in enforcing this Agreement.

Credit Limit. Your Credit Limit is established by the Bank and is shown below. You agree not to use your Account beyond that limit. You may request an increase in your Credit Limit, in which case the Bank may ask you to furnish additional financial information.

Statements. Each month you will receive a statement showing your New Balance, which is your outstanding balance as of the end of the billing cycle. Your statement will also show the Minimum Payment Due and the Payment Due Date. The Payment Due Date will be 25 days after the Closing Date of each billing cycle.

Repayment. You can pay off your New Balance in full each month or you can pay in monthly installments. The Minimum Payment Due for each billing cycle will be 5% of the New Balance shown on your billing statement, but at least \$10, plus any amount which is past due. If the New Balance is less than \$10, you agree to pay the full New Balance. Payments and credits are credited in the following order: first to pay billed but unpaid finance charges, late charges and annual membership fees, next to pay purchases and cash advances charged to your Account during previous billing cycles and then to pay for current purchases and cash advances.

Finance Charges. There are two types of finance charges for your Account - periodic charges and cash advance fees.

Periodic Charges. The periodic charge portion of your FINANCE CHARGE for each billing cycle is figured by applying a periodic rate of 1.5%, which corresponds to a 18% ANNUAL PERCENTAGE RATE, to the "Cash Advances Average Daily Balance" and to the "Purchases Average Daily Balance".

- **Cash Advances Average Daily Balance.** If full payment of the New Balance shown on the statement for your previous billing cycle is received by us by the Payment Due Date shown on that statement, or if that New Balance was \$0, to get the "Cash Advances Average Daily Balance" (including current transactions) the Bank takes the beginning balance of this portion of your Account each day, but, in this instance only, the Bank starts with a beginning balance of \$0 on the first day of the billing cycle, adds any new advances and subtracts any payments and credits allocable to this portion of your Account balance, not counting in this regard the payments and credits used to pay off the New Balance shown on your previous billing statement. This gives the daily balance. Then the Bank adds up all the daily balances for the billing cycle and divides the total by the number of days in the billing cycle. This gives the "Cash Advances Average Daily Balance".

If you don't pay your previous New Balance in full, to get the "Cash Advances Average Daily Balance" (including current transactions) the Bank takes the beginning balance of this portion of your Account each day, adds any new advances and subtracts any payments, credits, unpaid finance charges and late charges allocable to this portion of your Account. This gives the daily balance. Then the Bank adds up all the daily balances for the billing cycle and divides the total by the number of days in the billing cycle. This gives the "Cash Advances Average Daily Balance".

- **Purchases Average Daily Balance.** If full payment of the New Balance shown on the statement for your previous billing cycle is received by the Bank by the Payment Due Date shown on that statement, or if that New Balance was \$0, no periodic finance charge will be assessed for the purchases portion of your Account balance.

If you don't pay your previous New Balance in full, to get the "Purchases Average Daily Balance" (including current transactions) the Bank takes the beginning balance of this portion of your Account each day, adds any new purchases and subtracts any payments, credits, unpaid finance charges and late charges allocable to this portion of your Account. This gives the daily balance. Then the Bank adds up all the daily balances for the billing cycle and divides the total by the number of days in the billing cycle. This gives the "Purchases Average Daily Balance".

Cash Advance Fee. This FINANCE CHARGE is figured by applying the rate of 4% to the amount of each cash advance posted to your Account during the billing cycle. There is a minimum \$4 Cash Advance Fee for each cash advance.

Annual Membership Fee for Consumer Accounts. You agree to pay a non-refundable Annual Membership Fee of \$12. This fee entitles you to one or two Cards per Account. You agree to pay a non-refundable fee of \$5 per year for each additional Card for the same Account.

Annual Membership and Card Fees for Business Accounts. If you are a corporation, partnership, sole proprietorship, or association, you agree to pay a non-refundable Annual Membership Fee of \$12. This fee entitles you to 1 Card. You agree to pay a non-refundable fee of \$5 per year for each additional Card for the same Account.

Late Charge. If we do not receive at least your Minimum Payment by the Payment Due Date at the address shown on your statement, we will assess a Late Charge of \$5 on your Account.

Photocopy Charge. It is important that you retain copies of your sales and cash advance slips, as well as any credit slips you receive. You will not be sent copies of these slips with your billing statement. Should you request copies of these documents or past billing statements, a retrieval and photocopy charge of \$1.75 per item will be added to your Account. There will be no charge for copies if they are requested in connection with a billing error (see notice, below).

Returned Payment Charge. If you make a payment on your Account by check or draft and the item is not honored by the institution upon which it is drawn, the Bank will reverse the payment and will charge your Account a returned item charge of \$7.00. This fee is in addition to any Late Charge which may become payable because your payment is reversed.

Foreign Currency Conversions. If you use your Card in other countries, payments must be made in U.S. dollars for charges you incur. The foreign merchant or financial institution may impose a conversion fee for converting the transaction to U.S. dollars, and you agree to pay this fee to the Bank.

Security Interest Your Account balance is not secured by any contract, deed or trust, or security agreement even if the terms of another contract or security agreement otherwise provide.

Others Using Your Account - Lost or Stolen Cards. You agree to pay for all purchases and advances made by anyone to whom you give your Card or you otherwise authorize to use your Account, whether or not you notify the Bank that such person will be using it. To cancel your authorization to someone else to use your Card or Account you must let the Bank know in writing and you must recover the Card from the person to whom you have given it. If your Card is lost or stolen, notify the Bank at once. You will be responsible for up to \$50 if there are any charges made before you notify the Bank of the theft or loss. To notify the Bank of a loss or theft, call the Bank at (209) 334-1101 or write to the Bank at P.O. Box 577, Lodi, California 95241. After banking hours call 1-800-556-5678.

Change of Terms. The Bank can change the terms of this agreement at any time. Except where limited by applicable law, the new terms, including increases in the finance charge rates or the way we calculate finance charges, late charges and the minimum payment due, will apply both to new purchases and cash advances and to the full outstanding balance of your Account. In accordance with applicable law, the Bank will notify you of any increased charge or change by writing to you at the most recent address shown for you on the Bank's records.

Cancellation. Except where prior written notice is required by law, the Bank can cancel your Account at any time by phone or by writing you at the most recent address shown for you on the Bank's records. You can cancel your Account by writing the Bank at its address shown on your billing statement. Of course, if your Account is cancelled, you agree to pay everything you owe the Bank, including any amounts that have not been billed to you yet. Any Card the Bank issued to you remains the property of the Bank and you agree to return it upon the Bank's request.

Entire Balance Due. If you break any of your promises under this Agreement or any other agreement you have with the Bank, immediately and without prior notice the Bank can require payment of your entire outstanding balance, close your Account and cancel all Cards issued on it. Except as limited by applicable law, the Bank can also take such steps if you become insolvent or if you die. If for any reason the Bank does not make use of any of its rights under this Agreement on a particular occasion, that will not limit its rights in the future in any way.

Applicable Law. This Agreement will be governed by the laws of the State of California.

By signing, below, you agree to all of the foregoing, acknowledge receipt of a copy of this Credit Card Agreement and Disclosure and, if more than one person has applied for this Account, you confirm that you will make this copy available to him or her since he or she will be bound by this Agreement, you understand that your credit limit is \$_____ and acknowledge receipt of _____ Cards for your Account, which is Account No. _____

Your name is (print)_____. The names of the co-applicants for this Account is/are (print) _____

Date: _____ Signature: _____

THE FOLLOWING APPLIES TO CONSUMER ACCOUNTS YOUR BILLING RIGHTS — KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and responsibilities under the Fair Credit Billing Act.

Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill write us on a separate sheet at the address shown on your billing statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us at 209/334-1101, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

Your Rights And Our Responsibilities After We Receive Your Written Notice.

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

Special Rules for Credit Card Purchases

If you have a problem with the quality of property or services that you purchased with your Card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.